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October 7, 1996

All RJR Military Sales Managers
All Representatives with AAFES

Subject: Army & Air Force Exchange Contract Revisions

Note to ROU's: Please forward this letter and attachments to all RJR personnel responsible for calling on AAFES Chain ID 0106-00-00.

Please find attached newly completed revisions to the R.J. Reynolds contract we have with AAFES. These revisions were completed at my request and represent a standardization of all cigarette vendor contracts. Since these changes are being applied to our competitors as well, the "playing field" is now leveled. I believe this works to our advantage in most every situation in the field. The attachment is the official follow-up to the previous communication you received in my letter dated September 9, 1996.

Most everything in this official contract repeats what was in my previous letter with one key addition. RJR carton merchandisers are now approved for placement in AAFES stores and have been added to AAFES' internal merchandising manual. I realize that in certain instances we already enjoy the carton merchandising unit on an unauthorized basis. This approval will now provide you with the opportunity to solicit our vertical carton merchandising recommendation with the knowledge that you can supply fixtures to achieve your objective if that's what it takes. Please keep in mind that supplying a fixture is only an option based on your individual store needs and the approval should not be interpreted as a license to place fixtures in every location. Fixtures should only be placed where we can realize a significant advantage over the competition such as replacing a PM fixture set horizontally with an RJR fixture set vertically.

Thank you for assistance in AAFES. Should you have any questions, please do not hesitate to contact me (Voice Mail 71625).

Sincerely,

Steve Sandman
Military National Accounts

Attachments

Sales		Retail	
1221	_____	1222	_____
1222	_____	1223	_____
1223	_____	1226	_____
1224	_____	1229	_____
1225	_____	ROM	_____
1226	_____	PC	SC
1229	8 _____	MC	PA
1240	_____		
1244	_____	RSM	RBM

"We work for smokers."

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